Government of
Saskatchewan

Annual Report
1989-90

Judges of the Provincial Court Superannuation Fund

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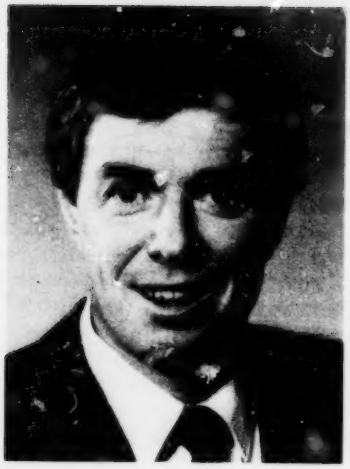

Regina, Saskatchewan

The Honourable Sylvia Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

I have the honour to transmit herewith the twelfth Annual Report of the Judges of the Provincial Court Superannuation Fund for the year ending March 31, 1990.

I have the honour to be, Madam

Your Obedient Servant,

J. Gary Lane, Q.C.
Minister of Justice

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Introduction

Section 27(1) of The Provincial Court Act established the Judges of the Provincial Court Superannuation Fund to provide pensions to judges employed by the Province. Previously pensions had been provided to qualifying judges through The Magistrates' Courts Act. Judges appointed at the time the Fund was established had the option of retaining the benefits provided under The Magistrates' Courts Act, or opting to contribute to the Fund and earn a pension under The Provincial Court Act. For those judges who transferred, service under The Magistrates' Courts Act is included as service in the calculation of pensions under The Provincial Court Act.

Operation of the Fund

The Fund is credited with contributions paid by judges together with interest earned on the investment of monies in the Fund. Payments may be made out of the Fund for pensions, annuities, supplementary allowances, refunds and interest. Any deficiency in the Fund is paid out of the Consolidated Fund.

Payments of annuities, granted under The Magistrates' Courts Act, to retired magistrates or widows of retired magistrates are continued under The Provincial Court Act. The annuities also are considered to be a deficiency in the Fund and are reimbursed by way of a payment from the Consolidated Fund each fiscal year.

The deficiency payment for the period April 1, 1989 to March 31, 1990 amounted to $308,366. Note 5 to the financial statements provides the detail of amounts making up the payment from the Consolidated Fund.

The Judges of the Provincial Court Superannuation Plan is a formula pension plan which provides pensions based on average salary and years of service as a judge or magistrate. The Magistrates' Courts Act provided an allowance to qualifying magistrates based on earnings at time of retirement.

A spouse of a judge in receipt of a pension is entitled to 60% of the judge's pension upon the death of the judge.

Contributions and Membership

For the period October 1, 1978 to December 31, 1980, judges contributed 9% of their salary to the Fund. For the period January 1, 1981 to December 31, 1986, judges were required to contribute 9% of their salary to the maximum deductible contribution to a registered pension plan, as allowed by the Income Tax Act (Canada) and as amended from time to time. On and after January 1, 1987, judges contribute 5% of their salary. Contributions are integrated with contributions to the Canada Pension Plan.

Contributions to the Fund for the year totalled $126,932; as at March 31, 1990, 34 judges were contributing to the Fund.

Pensions

Annuities paid to retired judges, or their widows, under both The Magistrates' Courts Act and The Provincial Court Act totalled $354,086 for the fiscal year 1989-90.

Investments

Effective June 1, 1988 the Investment Corporation of Saskatchewan became responsible for managing the investments of the Fund. Prior to this date, investments were managed by the Investment and Financial Services Division of Saskatchewan Finance. The investment policy directs that the assets of the Fund shall be in long-term, high quality investments yielding the best possible return with minimum risk. At March 31, 1990 the book value of the investment portfolio was $2,837,244. Of this amount, $1,476,003 was invested in bonds while $344,677 was in short-term investments and $1,016,564 in shares.

Administration

Effective April 1, 1988, expenses of administering the Judges of the Provincial Court Superannuation Fund were charged to the Fund. Previously, these costs were paid out of monies appropriated by the Legislature.

Administration of the Fund is assigned to the Public Employees Benefits Agency of Saskatchewan Finance.

Judges of The Provincial Court Superannuation Fund

Financial Statements

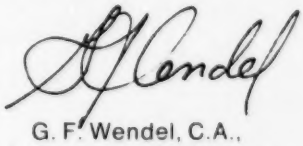
Year Ended March 31, 1990

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the statement of financial position of the Judges of the Provincial Court Superannuation Fund as at March 31, 1990 and the statements of members' accumulated balances, unallocated fund balance and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
August 24, 1990.

G. F. Wendel, C.A.,
A/Provincial Auditor.

Judges of The Provincial Court Superannuation Fund

Statement of Financial Position

As at March 31

Assets	1990	1989
Cash	$ 35,948	$ —
Accounts receivable	13,044	12,804
Accrued interest receivable	39,247	63,304
	88,239	76,108
Investments (Schedule 1)	2,837,244	2,462,275
	$ 2,925,483	$ 2,538,383
Liabilities and Fund Balance		
Bank overdraft	$ —	$ 2,112
Accounts payable	3,365	12,571
	3,365	14,683
Fund balance (Note 4):		
Members' accumulated balances (Statement 2)	1,269,578	1,182,793
Unallocated fund balance (Statement 3)	1,652,540	1,340,907
	2,922,118	2,523,700
	$ 2,925,483	$ 2,538,383

(See accompanying notes)

Statement 2

Judges of The Provincial Court Superannuation Fund
Statement of Members' Accumulated Balances
Year Ended March 31

	1990	1989
Balance, beginning of year	$ 1,182,793	$ 1,121,989
Add: Contributions by judges	126,932	130,076
	1,309,725	1,252,065
Deduct: Retirement transfers	40,147	69,272
Balance, end of year — to Statement 1	$ 1,269,578	$ 1,182,793

(See accompanying notes)

Statement 3

Judges of The Provincial Court Superannuation Fund
Statement of Unallocated Fund Balance
Year Ended March 31

	1990	1989
Balance, beginning of year	$ 1,340,907	$ 1,070,301
Add: Payment from the Consolidated Fund (Note 5)	308,366	261,593
Investment income	268,639	262,259
Bank interest	4,947	1,513
Retirement transfers	40,147	69,272
Gain on Sale of Investments (Net)	70,033	—
	692,132	594,637
Deduct: Annuities paid under:		
The Magistrates' Courts Act	38,758	39,034
The Provincial Court Act	315,328	269,866
Administration expenses	26,413	15,131
	380,499	324,031
Balance, end of year — to Statement 1	$ 1,652,540	$ 1,340,907

(See accompanying notes)

Judges of The Provincial Court Superannuation Fund
Statement of Changes in Cash Resources
Year Ended March 31

	1990	1989
Sources of Cash:		
Operating Activities:		
Contributions received	$ 127,035	$ 124,587
Payment from the Consolidated Fund	308,366	261,566
Investment income receipts	289,523	246,082
Bank interest received	4,684	1,566
Miscellaneous receipts	33	—
	729,641	633,801
Investing Activities:		
Proceeds from sale of investments	9,668,591	1,782,850
	10,398,232	2,416,651
Applications of Cash:		
Operating Activities:		
Annuity payments	363,835	304,595
Administrative expenses	25,834	12,309
Miscellaneous payments	--	518
	389,669	317,422
Investing Activities:		
Purchase of investments	9,970,503	2,128,944
	10,360,172	2,446,366
Net increase (decrease) in cash	38,060	(29,715)
Cash balance, beginning of year	(2,112)	27,603
Cash balance, end of year	$ 35,948	$ (2,112)

(See accompanying notes)

Judges of The Provincial Court Superannuation Fund
Notes to Financial Statements
March 31, 1990

1. **Description of the Fund**

The Judges of the Provincial Court Superannuation Fund was established on October 1, 1978 under The Provincial Court Act to provide for the payment of pensions and allowances as authorized by that Act. The Fund is credited with required contributions by judges, payments from the Consolidated Fund and with earnings on investments held.

2. **Significant Accounting Policies**

Investments

The Fund records all investment transactions at cost. Premiums and discounts on bonds are amortized on a straight line basis over the remaining term of the security.

Gains or losses on the disposal of bonds are deferred and amortized over the remaining term of the security sold.

3. **Actuarial Valuation**

As outlined in Notes 1 and 5, benefits under The Magistrates' Courts Act and The Provincial Court Act are to be paid from the Judges of the Provincial Court Superannuation Fund. Pensions provided under both Acts are defined benefit final average pensions, however, only The Provincial Court Act requires judges to make contributions.

An actuarial valuation was performed as at January 1, 1983 on the pension plan for Saskatchewan Provincial Court Judges including the implication of benefits payable under both Acts. The actuary stated that using the Aggregate Attained Age Method with Supplemental Liability, the present value of accumulated benefits resulting from services provided to the valuation date was $7 million, and the present value of pension fund assets was $0.7 million based on book values, for a net unfunded accrued liability of $6.3 million. In addition, the report stated that the combined future cost of the plan will be 17.11% of the judges' salaries in order to meet the cost of benefits to be earned for service after the valuation date.

4. **Fund Balance**

a) **Members' Accumulated Balances**

This represents the members' accumulated contributions to the Fund. These balances do not represent the accrued value of retirement benefits earned by members since retirement benefits provided under the respective Acts are based on years of service and salary levels.

When a member withdraws from the plan, the member's accumulated contributions are refunded. When a member superannuates, his accumulated contributions are transferred to the credit of the unallocated fund balance described in note 4(b).

b) **Unallocated Fund Balance**

The unallocated fund balance is composed of:

i) the accumulated contributions of all superannuates at rates stipulated in "The Provincial Court Act",

ii) investment income, and

iii) payments received from the Consolidated Fund

reduced by payments made to superannuates and interest allocated to members' accumulated contributions at such time when they withdraw from the plan and administrative expenses of the Fund.

5. **Deficiency Payment from the Consolidated Fund**

Section 52 of The Provincial Court Act provides that annuities being paid under the Magistrates' Courts Act shall be paid out of the Fund. Section 31 of The Provincial Court Act provides that a judge of the Magistrates' Courts prior to October 1, 1978 may elect to receive the benefits to which he was entitled under The Magistrates' Courts Act rather than contributing to the Fund and receiving benefits as determined by The Provincial Court Act. Section 27(3) of The Provincial Court Act provides that any deficiency in the Fund shall be paid out of the Consolidated Fund. Accordingly, the annuities which are now or will become payable under The Magistrates' Courts Act are considered to be a deficiency and the Fund is reimbursed by way of a statutory appropriation from the Consolidated Fund each year. Also considered as a deficiency for administrative purposes are any amounts payable under The Provincial Court Act to superannuates which are in excess of an individual's accumulated contributions, and payments from the Consolidated Fund are increased accordingly. In addition, lump sum contributions may be received from the Consolidated Fund to reduce any unfunded liability.

	1990	1989
Deficiencies		
— The Magistrates' Courts Act	$ 40,141	$ 37,651
— The Provincial Court Act	268,225	223,942
	$ 308,366	$ 261,593

6. **Administrative Costs**

Pursuant to subsection 27(4) of The Provincial Court Act the sums required for the purpose of administering the Judges of the Provincial Court Superannuation Fund shall be a charge on and paid out of that Fund.

These statements reflect the administration costs incurred by the Public Employees Benefits Agency Revolving Fund on behalf of the Judges of the Provincial Court Superannuation Fund for the period April 1, 1989 to March 31, 1990.

7. **Related Parties**

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Fund is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

8. **Investment Management Fees — Investment Corporation of Saskatchewan**

Section 28 of The Provincial Court Act authorizes the Minister of Finance to invest any part of the monies standing to the credit of the Judges of the Provincial Court Superannuation Fund in any securities authorized pursuant to The Pension Benefits Act.

In 1988 the Judges of the Provincial Court Superannuation Fund resolved to enter into a unanimous shareholder agreement with the Investment Corporation of Saskatchewan.

The Minister of Finance, on behalf of the Judges of the Provincial Court Superannuation Fund acquired 666 Class B shares and 100 Class A shares in the Investment Corporation of Saskatchewan (ICS). Under the provisions of the unanimous shareholder agreement, the responsibility for the investment management of the assets owned by the Judges of the Provincial Court Superannuation Fund were transferred to the ICS and the Fund simultaneously became subject to the investment management fees levied by the directors of the Corporation.

These statements reflect the investment management costs incurred by the Fund for the period April 1, 1989 to March 31, 1990.

Schedule 1

Judges of The Provincial Court Superannuation Fund
Schedule of Investments
As at March 31

Description	1990 Cost	1990 Market Value	1989 Cost	1989 Market Value
BONDS:				
Government of Canada	$ 100,000	$ 97,875	$ 100,000	$ 100,250
Province of Saskatchewan	379,500	394,603	475,000	515,157
Other Provincials and Guarantees	150,000	125,625	150,000	133,313
Municipals	300,000	310,125	300,000	331,500
Corporates	593,400	529,612	687,000	649,409
Total at Par	1,522,900	1,457,840	1,712,000	1,729,629
Less:				
Unamortized discounts (net of premiums)	(26,386)		(33,788)	
Unamortized gains	(39,533)		(18,538)	
Plus:				
Unamortized losses	19,522		2,242	
Total Bonds	1,476,003		1,661,916	
SHARES:				
Canadian	793,409	742,274	100,766	115,766
Foreign	223,155	223,245	—	—
Total Shares	1,016,564	965,519	100,766	115,766
SHORT TERM INVESTMENTS	344,677	344,677	699,593	699,593
TOTAL INVESTMENTS	$ 2,837,244	$ 2,768,036	$ 2,462,275	$ 2,544,988